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## HOUSING — A NATIONAL EMERGENCY

The Rental Controls Reference case in the Supreme Court of Canada at the end of January turned to some extent on the question whether there was or was not a national emergency in housing. Very few workers, indeed very few citizens of any kind, are in any doubt on the point. But, as Parliament begins a new session in which housing is likely to figure largely, it may not be amiss to set down briefly just what the emergency amounts to.

1. *There is an acute general housing shortage.*

In March 1944, the Curtis Report (*Report of the Sub-committee on Housing and Community Planning*, of the Government's Advisory Committee on

Reconstruction) estimated that by the end of 1946 there would be an accumulated housing backlog, or deficit, of 648,000 units: 500,000 urban, 23,000 rural non-farm, and 125,000 farm. (*Curtis Report*, pp. 140, 147, 213-14.) The total was based on actual figures down to the end of 1943, and estimates of construction for 1944 and 1945. Actual figures for 1944 and 1945 indicate that the Sub-committee was very close to the mark. Its total figures may therefore be taken as substantially accurate.

If anything, they were conservative. The urban total allowed for 45,000 units for normal population growth in the war years (apart altogether from war-time industrial expansion), 194,000 units

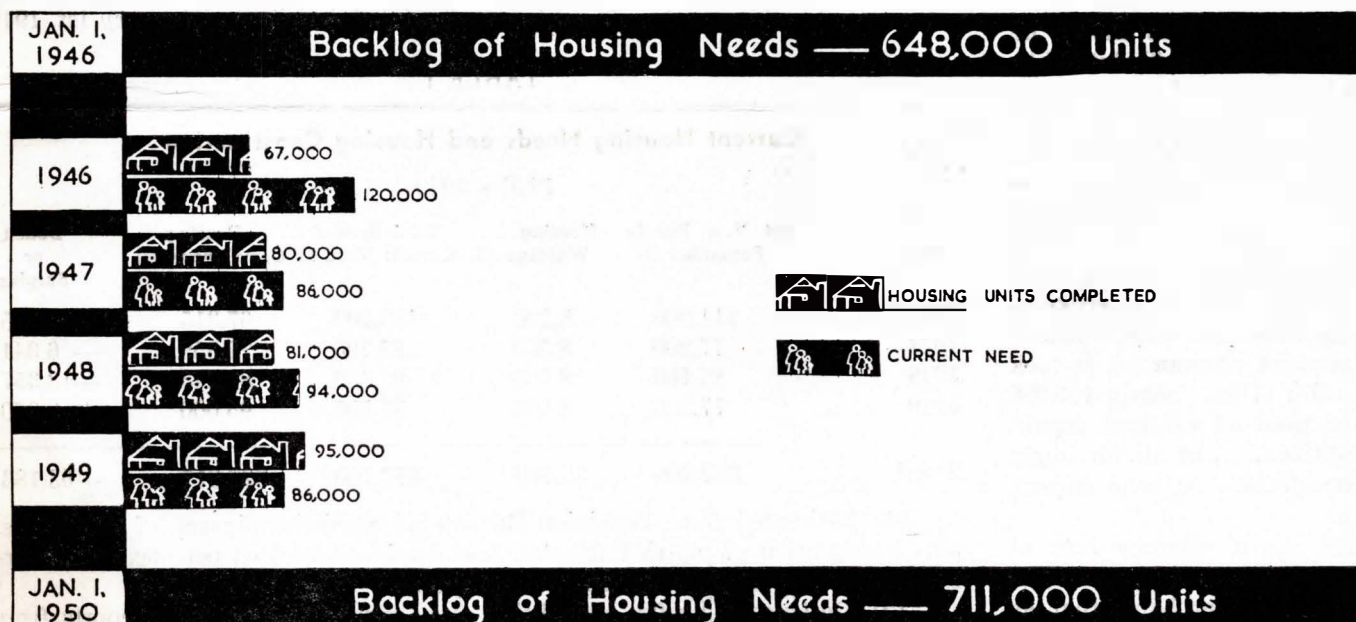
for reducing overcrowding, 175,000 for a "minimum programme" of slum clearance and replacement of sub-standard housing and 29,000 for a "vacancy rate." All four figures, as the Report itself pointed out, might well have been higher.

The Report twice (pp. 140-1) emphasizes that the 45,000 is "apart from replacement for wear and tear and demolitions," "apart from requirements for the replacement of the existing housing supply."

The figure for overcrowding provided only for separate dwellings for 150,000 doubled-up families and 44,000 doubled-up non-family groups (the latter figure being only half the estimated total). It assumed that one room per person is a

CHART 1

### Housing Shortage Grows Worse



Source: See Table I.



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satisfactory standard, regardless of the size of the room. It made no allowance for the shortage of large dwelling units required for large families, and the fact that "the proportions of large and small dwellings" were "not adjusted to the distribution of different sized families." (A special tabulation by the Dominion Bureau of Statistics of 1941 Census figures for Greater Montreal, and examination of less detailed figures for Halifax, Sudbury, Fort William, Winnipeg and Edmonton, showed that this was a factor of some importance.) It explicitly disregarded the "substantial number of obsolete and substandard housing units" included in the then existing supply. (Curtis Report, pp. 92-3, 96-100, 142.)

The figure for *slum clearance and replacement of substandard housing* was avowedly a minimum. In the 27 major cities alone, there were almost 256,000 dwellings "in need of external repairs and/or lacking or with shared use of flush toilets and bathing facilities." The Report estimated that about 100,000 of these were in need of replacement. On the basis of American experience showing that 25 to 50 per cent should be added for housing whose "habitability is destroyed by location in slum areas which are beyond redemption," it added another 25,000 for these cities. In the smaller cities and towns, it found over half the housing "in need of external repairs and/or lacking or with shared use of flush toilets and bathing facilities," but rejected this as a criterion for "assessing minimum requirements" for the replacement programme. It took instead one-third of the "nearly 150,000 dwellings" in need of external repair, with "no addition . . . at all for blight and slum conditions." (Curtis Report, pp. 104-06.)

It allowed for a *vacancy rate* of only 2 per cent. "For Canadian cities and towns, . . . it is probable that an average vacancy rate of 4 per cent, covering a range, perhaps of from 2 to 6 per cent, depending on the economic

conditions in each particular area, would provide the flexibility necessary to meet the housing requirements of *ordinary times*. Such a vacancy rate *would not suffice to meet special cases such as the industrial intensification of the war, the sudden economic development of hitherto undeveloped regions, or large-scale immigration. Throughout this study, however, only minimum assumptions have been brought into the count.*" (Curtis Report, p. 141; *italics ours*.) (The present vacancy rate in most centres in Canada is, as everyone knows, pretty close to zero. For rental units under administration of the Central Mortgage and Housing Corporation the vacancy rate in the first ten months of 1949 varied from .3 per cent to .8 per cent, or an average of a little over .6 per cent. (Housing in Canada, October, 1949, Table 21, p. 43). This is *less than a third* of the Curtis Report's minimum rate, or *a little less than one-sixth* of the Curtis Report's *desirable average rate* for "ordinary times.")

The rural non-farm figure was based on 20 per cent of the 1941 Census figure of dwellings in need of external repairs. (Curtis Report, pp. 146-7).

The farm figure was based on two surveys of farm housing in Saskatchewan and Alberta. These indicated that about 40 per cent of farm housing in these provinces was "poor". The Report assumed that about the same percentage applied to Manitoba, and that about half of such "poor" dwellings or about 20 per cent of all farm dwellings in the Prairie Provinces, should be replaced. For the other provinces, it assumed that

only about 20 per cent of farm dwellings were "poor", and that only *half* of these should be replaced. This accounted for about 100,000 units. Another 25,000 were required to provide separate homes for about half the doubled-up farm families. (Curtis Report, pp. 212-14).

(b) It is true that since the war Canada has been building housing on an unprecedented scale. The pre-war record for any one year was 50,200 in 1928. (Curtis Report, p. 32). The lowest figure for any year since 1945 is 67,315 for 1946; and in the four years 1946-1949 inclusive, the total will probably reach 323,000. (Housing in Canada, October 1949, Table 3, p. 25; quarterly publication of the Central Mortgage and Housing Corporation. An estimated 4,000 units of temporary housing and conversions have been added, in accordance with information from the Corporation, to get a rough total for 1949.)

Table 1 shows post-war current housing needs and housing construction.

## Housing Shortage Is Worse

None the less, *the housing backlog is now about 711,000 units, or nearly 10 per cent more than at the beginning of 1946. In 1946, 1947, and 1948, the unprecedented effort failed even to keep pace with the current need; the accumulated housing deficit actually increased each year. (See Chart 1.)* In 1949, it appears likely that, for the first time, construction exceeded current need, by about 9,000 units. But this means a *decrease of only 1.25 per cent in the accumulated deficit as of January 1st, 1949.*

TABLE 1  
Current Housing Needs and Housing Construction

1946 - 1949					
Year	Net New Family Formation (1)	Housing Wastage (2)	Total Annual Current Need (3)	Housing Completions (4)	Deficit or Surplus
1946	111,900	8,200	120,100	67,315	-52,785
1947	77,200	8,500	85,700	79,359	- 6,341
1948	86,100	8,500	94,600	81,243	-13,357
1949	77,200	8,500	85,700	95,000	+ 9,300
Total	352,400	33,700	386,100	322,917	-63,183

(1) Estimated from Dominion Bureau of Statistics figures of marriages, plus immigration of married females, less deaths of married persons, less divorces, less an allowance of one-fifth of emigrants.

(2) Destruction by fire, demolition, etc., estimated from civic reports from larger centres of population.

(3) Sum of columns 1 and 2.

(4) Housing in Canada, October, 1949, supplemented as noted above.

Even allowing for a considerable margin of error in the estimates, therefore, there can be no doubt that the general housing shortage, both rural and urban, is now more acute than it was four years ago. The backlog is bigger. The deficit is worse. Overcrowding is worse. Slums and substandard housing have hardly been touched. As the Central Mortgage and Housing Corporation put it to the Massey Commission in September last: "*The housing needs of the Canadian people have never been more critical than they are today.*" (Brief to the Royal Commission on National Development in the Arts, Letters and Sciences, p. 4. *(Italics ours.)*)

Nor is there any reason to expect that 1950 will make any appreciable inroads on the backlog. True, the number of marriages in the first six months of 1949 dropped about 10 per cent from the 1948 level, and the number of married female immigrants in the first 9 months of 1949 dropped between 8

and 9 per cent. This, as *Housing in Canada*, (July 1949, p. 9) observes "will tend to lessen the added pressure exerted on the housing market from this source." Starts for the first eleven months of 1949 were slightly below the same period in 1948, and this suggests a levelling off in effective demand.

But housing is taking longer to build than it did in 1948, as Table 2 shows.

This has been pretty general all across Canada. In the Maritimes, the period required for completion was longer for every one of the eleven months in 1949 than for the corresponding month in 1948; in Quebec for every month except May, when there was a very slight decrease; in Ontario, for every month except January, September and October; in British Columbia, for every month except January, February, August and November (and in August, the decrease was very slight). Only on the Prairies was the period shorter, in every month except July, when it was the

same as in July, 1948, and in October, when it was slightly longer than in 1948. (*Housing Bulletin*, No. 23, Table 7, p. 9.)

TABLE 2

### Completions by Month by Average Time under Construction (1)

Month	1948 (months)	1949 (months)	Decrease or Increase (per cent)
January	7.7	7.0	-9.1
February	6.8	7.3	7.4
March	7.1	7.9	11.3
April	7.2	7.9	9.7
May	7.2	8.0	11.0
June	6.8	7.4	8.8
July	6.1	7.3	19.7
August	6.2	6.9	11.3
September	5.4	5.9	9.3
October	6.1	6.1	—
November	6.0	6.3	5.0

(1) *Housing Bulletin*, No. 23, Table 7, p. 9.

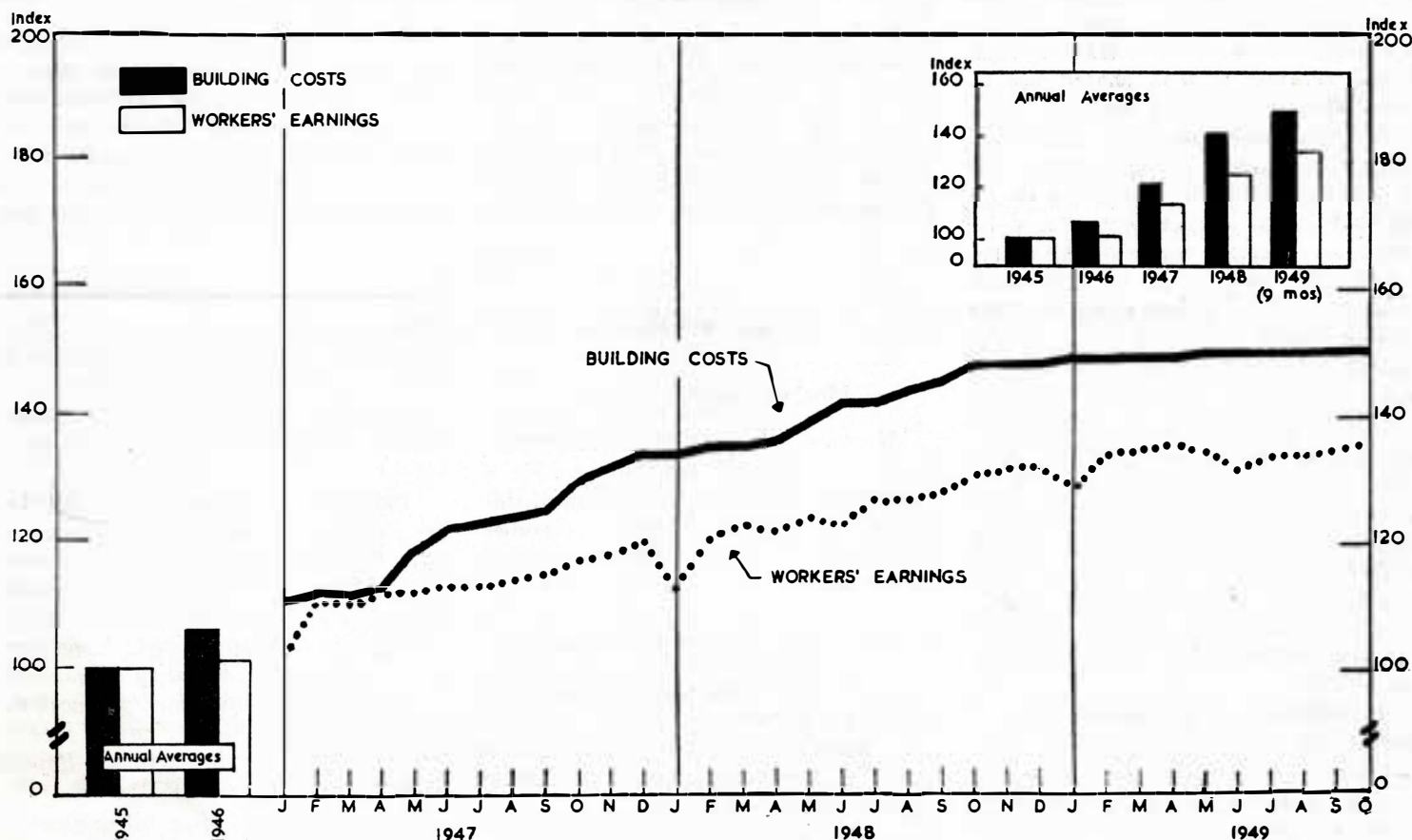
CHART 2

## BUILDING COSTS AND WORKERS' EARNINGS

Composite Index of Cost of Residential Building Materials & Wage Rates, 1945-1949.

Index of Average Weekly Earnings of Salary and Wage Earners in Eight Leading Groups of Industries, 1945-1949.

(Av. 1945 = 100)



Source: Central Mortgage and Housing Corporation "Housing in Canada," July, 1949, October figure is preliminary; D.B.S. "The Employment Situation," October, 1949.



All in all, therefore, it seems likely that any decline in current demand in 1950 will still leave the backlog, the acute accumulated shortage, just about where it is.

### More Rental Housing Needed

2. *There is also a particularly acute shortage of rental housing.*

(a) The 1941 Census showed, for all urban areas, 58.9 per cent of occupied dwellings were rented; for urban areas of 1,000 and over, 60.3 per cent. In urban centres of 5,000 and over, 65.8 per cent of the households were tenant households. In the twelve metropolitan areas, 63.6 per cent of the dwellings were rented. (*Census of Canada, 1941, Vol. V, Tables 4 and 6, pp. 6, 76 and 78; Curtis Report, p. 108*). Clearly, in 1941, the bulk of the urban population were tenants, and rental housing was much more important than owner-occupied housing. Also, as compared with 1931, the proportion of tenancy had increased substantially. (Cf. *Canada Year Book, 1936, p. 139*, which shows, for urban households as a whole, 54.5 per cent tenants, as against 61.5 per cent in 1941.) Since 1941, the proportion of owner-occupied homes may have increased to some extent, because of the scarcity of rental housing and the direction of public policy in housing. It is impossible to make anything like a precise estimate, but it seems safe to assume that such changes as there have been, left tenancy still substantially more important than home ownership in urban areas, and almost certainly not much below the 43 per cent of all occupied dwellings, rural and urban, which it formed in 1941. (*Census of Canada, 1941, Vol. V, Table 4, p. 6*.)

The total number of rented occupied dwellings even at that date was 1,115,629. Even at a conservative estimate, therefore, rental controls must affect somewhere between 1,000,000 and 1,250,000 housing units, and between 4,000,000 and 5,000,000 Canadians. On the basis of the 1941 Census figures also, it is clear that dwellings affected by rental controls must form a substantial proportion of the total in eight of the nine old provinces; in the neighbourhood of a third in Nova Scotia, New Brunswick and the Prairie Provinces, around 40 per cent in Ontario and British Columbia, and probably over half in Quebec. (*Census of Canada, 1941, Vol. V, Table 4, pp. 6, 10, 14, 28, 40, 44, 50, 52*). Rental housing is, therefore, an important

matter all across the country, and a shortage of rental housing affects large numbers of citizens in practically every province. It is perhaps more important now than ever before, and the citizens of the various provinces have more community of interest in it than ever before, because of the great increase in industrialization during and since the war, and the large shifts in population which that development has both necessitated and made possible. Between June, 1941, and September, 1946, about 278,000 people left the farm areas of Canada for the metropolitan centres and smaller cities and towns (237,000 to the metropolitan centres, and 41,000 to the smaller cities and towns.) In the six years, June 1, 1941, to June 1, 1947, interprovincial migration added about 171,000 to the population of British Columbia and about 159,000 to Ontario, while the Maritime Provinces lost about 39,000, Quebec about 22,000, and the Prairie Provinces about 230,000. (*Canada Year Book, 1948-49, p. 138*.) Mobility of labour between the different parts of the country is indispensable if our industrialized national economy is to have the flexibility essential to its success, perhaps, indeed, to its very survival. But it cannot be too strongly emphasized that mobility of labour and availability of rental housing are closely connected. Home ownership is a barrier to mobility, and a serious shortage of rental housing is therefore a threat to the whole nation. (b) Successive annual reports of the Central Mortgage and Housing Corporation, successive issues of *Housing in Canada* and the two volumes, *Mortgage Lending in Canada, 1947 and 1948*, all show that *the shortage of rental housing has been and continues to be very severe, much more so than the shortage of housing in general.*

### Marked Decline Evident

*Mortgage Lending in Canada, 1947, p. 31*, pointed out that "to provide a perspective" for the consideration of this problem, it was necessary to remember that "the owner-occupancy-tenancy ratio in June, 1941 . . . was 56 per cent to 44 per cent for all housing then in existence." But what have we done about rental housing in the post-war years?

1946: "A marked decline" (from 1945) "is evident in the volume of rental house-building." (*Housing in Canada, April, 1947, p. 10*.) "Only about 25% of new residential construction in 1946 was rental housing. There is great demand

and continuous need for this type of accommodation." (*Annual Report, 1946, p. 9*.)

1947: "House building for ownership makes up the overwhelming proportion of the Canadian housing programme . . . Total housing starts for home ownership numbered 55,357 units as against 26,047 units for rental," a ratio of 68 to 32. (*Mortgage Lending in Canada, 1947, p. 31, and Table 15, p. 55*.) Completions in 1947 were: owner occupancy 54,215, rental housing 25,016, a ratio of 68.4 to 31.6. (*Mortgage Lending in Canada, 1948, Table 30, p. 67*.) This is a far cry from 56 to 44.

"The operations of the Corporation indicate quite clearly that *the housing need is much greater in the rental field than it is in the home ownership field. The supply of new rental housing, even including that built by Government, is only about 30% of all residential construction. It is evident that many purchasers of new houses would have preferred to rent rather than to purchase.*

### Three Sources of Rental Housing

" . . . In the past there have been three sources of rental housing. One source was the individual owning a second house, or the mortgagee who had taken possession of a house. Prior to 1930, there was the individual, often retired, who purchased a number of houses, lived in one, and rented the others as an investment. The third source of rental housing was the entrepreneur who constructed rental property. The present position is that *the first two sources of rental housing have virtually disappeared, and the third source is greatly restricted because of the uncertainties of future costs of construction and rental levels.*" (Italics ours.) "More than half of the rental programme in 1947 was undertaken either directly by the Federal Government or encouraged through financial assistance." (*Mortgage Lending in Canada, 1947, p. 31*.)

1948: "Because many houses are being transferred, upon vacant possession, from the rental supply to home ownership, *the rental housing stock is a lower proportion of the whole than ever before. The high level of sale price to home owners, as well as the inability of many to finance equity requirements, occasions a demand for rental housing far exceed-in the available supply.*" (*Annual Report, 1948, p. 8; italics ours.*)

But "the supply of rental units completed, including conversions and temp-



orary units, *declined in 1948 to 24,388 from 25,016 in 1947.*" The ratio of rental housing units completed to owner-occupancy units completed also declined from 31.6/68.4, to 30/70. (*Mortgage Lending in Canada*, 1948, p. 26; (italics ours); also Table 30, p. 67). With the total rental housing stock "a lower proportion of the whole than ever before," and the demand "far exceeding the available supply", the year's addition to the stock was actually declining, absolutely and relatively.

1949: Figures for 1949 are, of course, not yet complete, but it is possible to make a rough estimate. In the first eleven months of the year, apartments or flats completed numbered 9,935, two-family detached houses 6,846 (of which half may be counted as rental units), and rental units under the management of the Central Mortgage and Housing Corporation 7,599. (*Housing Bulletin* No. 23, p. 10). This gives a total of 20,957, out of total completions of new housing of 80,757. With conversions and temporary housing, which are all for rental, grand total completions for the first eleven months would be about 84,400, and total rental housing completions about 24,600. So the ratio of rental housing to owner-occupancy in 1949 is likely to be of the order of 30/70, little, if any, better than 1948.

#### Overcrowding Worst Among Low Income Groups

3. *The housing emergency is most acute for the poorest section of the nation.*

(a) *Overcrowding is worst among low-income groups.*

The total figure of overcrowding is bad enough. For the 27 largest cities in 1941, "crowded households" as defined by the Census "comprised 18 per cent of households and 29 per cent of population." It would have required, as already noted, "about 110,000 new dwelling units to give a separate home to each family" in these 27 cities. "This," the Census Bulletin observed, "would be roughly equivalent to the present combined housing accommodation of Ottawa, Hamilton, London and Calgary." (*Crowding in Canadian Cities of 30,000 and Over*: special bulletin of the Housing Census, Dominion Bureau of Statistics, 1941.)

But, as the Curtis Report pointed out, the total figures give a deceptively cheerful picture. "Overcrowding among families with low income is considerably greater than among families belonging

to the middle or higher income groups, and the rise in the proportion of crowded dwellings as family earnings decline is quite striking. In the twenty-seven major cities of Canada, 18.5 per cent of the dwellings on the average are overcrowded. But... only 12 per cent of the families with incomes of \$2,000 a year or more are overcrowded, compared with 40 per cent of those with incomes of less than \$500 a year. The proportion among the \$1,000-\$1,500 group, whose income in the average case is most likely to support the 'economic rent' of \$20-\$30, is of particular interest. One in five of these families is overcrowded (though typical percentages in particular cities range from about 15 to 30)." (*Curtis Report*, pp. 93-4.) In reading these figures, it should, of course, be remembered that incomes in 1941 were considerably lower than they are now. Average weekly earnings in the eight leading groups of industries (manufacturing, logging, mining, communications, transportation, construction and maintenance, services and trade) at December 1, 1949, were 73.5 per cent above June 1, 1941; for manufacturing, they were 77.4 per cent above June 1, 1941. (*The Employment Situation at the beginning of December, 1949, together with Payrolls*, Table B, p. 4; Dominion Bureau of Statistics.) So \$500 a year in 1941 would be the equivalent of about \$875 now; \$1,000 in 1941 would be about \$1,750 now; \$1,500 in 1941 would be about \$2,625 now; \$2,000 in 1941 would be about \$3,500 now.

There is no reason to believe that what has happened in the last seven and a half years has made this situation any better; on the contrary, the increased urbanization and the increasing general shortage of housing already noted, have undoubtedly made it worse.

#### Low-Cost Housing Almost Non-Existent

(b) *The shortage of low-cost housing is the most acute shortage of all.*

The preceding analysis of the general housing shortage, and the shortage of rental housing, has not explicitly challenged what Professor L. C. Marsh, former Secretary of the Advisory Committee on Reconstruction, and a recognized authority on housing, calls "the assumption that all housing 'units' are the same, ... the belief that 'one thousand houses built' is the same contribution to national need, no matter what kind of houses they may be, ... the assumption that people's incomes are broadly equal, and

all comfortably above the average." (*The Economics of Low-Rent Housing*, p. 14; in *Canadian Journal of Economics and Political Science*, Vol. 15, No. 1, February, 1949.) Professor Marsh's caustic comment is: "A chemist who either discussed his subject, or worked in his laboratory, on the assumption that all elements were equal, or that matter was composed of single homogeneous units called 'molecules' would not remain long in his profession. Force of ridicule, or of some even more drastic happening, would remove him."

(i) As already noted, most of the housing built since the war has been for home ownership. *But can the ordinary worker afford to build or buy?*

It is, said Dr. W. C. Clark, Deputy Minister of Finance, in 1937, "generally accepted" that "cost of a home should not exceed an amount equal to 2 or 2½ times the annual income, especially in the lower brackets of income." (Speech to the Union of Nova Scotia Municipalities, August 1937; *Dalhousie University Bulletins on Public Affairs*, VI, *Housing*, by W. C. Clark, pp. 25-26). Similarly, Professor Marsh refers to the "important principle" that "a family should not try to buy or build a house costing more than twice the family income" as "well-established" among authorities on housing. (*The Economics of Low-Rent Housing*, p. 16.)

#### Houses Cost Too Much

What do houses cost now?

The National Housing Act, 1944 was intended to provide housing at moderate cost. To assume, therefore, that the cost of housing built under that Act is representative of the cost of housing in general is probably conservative. In the first eight months of 1949, the average cost of a dwelling unit built with National Housing Act loans was \$8,056. The figures for various types of housing varied from \$6,036 for a row house (393 units out of a total of 19,323) to \$10,389 for a single two-storey house (1,338 units out of the 19,323). For 6,276 single one-storey houses the average was \$8,086; for 5,777 apartments it was \$7,185; for 3,985 single one and a half storey houses it was \$8,666. (*Housing in Canada*, October, 1949, Table 10, p. 32.) The estimated cost of building a 3.6 room dwelling under the rental insurance plan in October, 1949, was \$6,916. (*Housing in Canada*, October, 1949, Table 23, p. 45. The earlier figures for slightly larger dwellings, are all,



except for August and September, 1949, rather higher than the October figure.) The average estimated cost of building a 3.7 room dwelling under the double depreciation rental housing plan in Sept., 1949, was \$7,017. (*Housing in Canada*, Oct. 1949, Table 25, p. 47. The earlier figures, for dwellings ranging in size from 3.6 to 4.8 rooms, vary from \$5,762 to \$8,013. The lowest monthly average in 1949 is \$6,623 for a 4.6 room dwelling.)

### Workers Can't Afford to Buy Homes

Compare these figures with weekly earnings of salary- and wage-earners in the nine leading groups of industries at December 1st, 1949, when they were close to their all-time peak. On the assumption that the December 1st level was maintained for a year, Table 3 shows the cost of houses that these workers could afford to buy, first at the rate of twice their annual income, and second at the rate of  $2\frac{1}{4}$  times their annual income. In order to meet the criticism that the average for the nine, or eight, leading groups of industries includes a good many women, girls and youths, selected industries in which most of the workers are necessarily grown-up men, and in which the earnings are among the highest in the whole list, have been included in the table.

TABLE 3

**Costs for Housing Units which Salary- and Wage-earners in Canadian Industry Could Afford to Build or Buy, December 1, 1949.**

Industrial Group	Cost on Basis of Twice Annual Income	Cost on Basis of $2\frac{1}{4}$ Times Annual Income
Nine leading groups of industries .....	\$4,547	\$5,115
Eight leading groups of industries .....	\$4,557	\$5,127
Manufacturing .....	\$4,717	\$5,307
Pulp and Paper .....	\$6,001	\$6,751
Crude, rolled and forged iron and steel .....	\$5,556	\$6,250
Automobiles and parts .....	\$5,462	\$6,145
Coal mining .....	\$5,581	\$6,278
Metal mining .....	\$5,879	\$6,614
Steam railways .....	\$5,979	\$6,726
Building construction .....	\$4,777	\$5,374

(Figures based on average weekly earnings in *The Employment Situation at the Beginning of December, 1949*, Table 1, p. 21.)

On the basis of twice annual income, *none of these workers could have afforded even the cheapest house built with National Housing Act loans.*

On the basis of  $2\frac{1}{4}$  times the annual income, steam railway workers, pulp and paper workers, coal and metal miners, automobile workers, and workers in crude, rolled and forged iron and steel could have afforded the cheapest kind of house built with National Housing Act loans, *but none of them could have afforded the average cost.*

It must be remembered that these figures include salary-earners as well as wage-earners, and that they are for the most highly paid group of workers in the country. The five highest paid groups in Table 3 together make up only about 11 per cent of the total number covered by *The Employment Situation*. Even if all other groups with average weekly earnings of \$50.00 or over were included, the proportion would still be not more than about a quarter of the total covered.

For wage-earners proper, somewhat less complete figures are available. (There are, for example, no figures for steam railways). Table 4 shows what wage-earners in manufacturing generally and in particular manufacturing and other industries with a high proportion of adult male workers and relatively high average earnings could afford to buy or build a house, again on the assumption of annual earnings at the December rate.

### Even Cheapest Homes Beyond Reach

On the basis of twice annual income, *not one of the groups in this table could have afforded even the cheapest housing built under the National Housing Act.* On the basis of  $2\frac{1}{4}$  times annual income, all the selected groups except the automobile workers could have afforded the very cheapest type, the row house, *but none could have afforded any other type.* *The highest paid would have been \$1,610 short of the average cost of a dwelling built with National Housing Act loans, and all would have been far short of the cost of such housing as that built under the rental insurance and double depreciation plans.*

All these calculations are based on gross earnings before deduction of income tax, but without family allowance payments. Strictly speaking, the relevant figure is net income, including family allowances, after payment of income

tax; and of course the capacity to pay for housing depends not only on net income but on the size of the family. (See *Houses for Canadians*, by Humphrey Carver, A.R.I.B.A., pp. 83-5, 142, 148; University of Toronto Press, 1948. Mr. Carver was formerly Lecturer and Research Associate, School of Social Work, University of Toronto, and is now chairman of the Research Committee of the Central Mortgage and Housing Corporation.) But in the absence of data on the number of children in the families of the workers covered by Tables 3 and 4, it is impossible to arrive at figures of net income. Even supposing, however, that the net incomes are appreciably higher than earnings, which is doubtful, the discrepancy between what housing costs and what workers can afford to pay would clearly, in most cases, be considerable.

Besides, as Professor Marsh points out, "A twenty or twenty-five year mortgage assumes a substantial stability of income, a privilege which has not always been granted to the majority of wage earners." (*The Economics of Low-Rent Housing*, p. 16.)

### Building Costs Rising

Moreover, *costs of residential building are not going down, but up.* In the

TABLE 4

**Costs for Housing Units which Wage-earners in Canadian Industry Could Afford to Build or Buy, December 1, 1949.**

Industrial Group	Cost on Basis of Twice Annual Income	Cost on Basis of $2\frac{1}{4}$ Times Annual Income
Manufacturing .....	\$4,458	\$5,015
Pulp and Paper .....	\$5,729	\$6,446
Heavy electrical apparatus .....	\$5,456	\$6,138
Primary iron and steel .....	\$5,484	\$6,169
Automobiles and parts .....	\$5,188	\$5,836
Non-ferrous metal smelting and refining .....	\$5,577	\$6,274
Petroleum and its products .....	\$5,665	\$6,373
Coal mining .....	\$5,566	\$6,262
Metal Mining .....	\$5,699	\$6,412

(Figures based on average weekly earnings in *Man-Hours and Hourly Earnings Reported at the First of December, 1949*, Table 1, p. 7; Dominion Bureau of Statistics.)



first eight months of 1949, the average cost per square foot of housing built with National Housing Act loans was 6 per cent higher than in the first eight months of 1948. There was a 1.9 per cent fall in the cost of semi-detached houses

TABLE 5  
**Indices of Weekly Earnings of Salary- and Wage-earners in Eight Leading Groups of Industries and Composite Indices of Prices of Residential Building Materials and Construction Wage Rates 1945-1949.**

(1945 = 100)

	Earnings	Building Cost
1945	100.0	100.0
1946	101.3	106.3
1947 Jan.	102.1	109.8
Feb.	109.5	110.6
Mar.	111.3	110.9
Apr.	111.7	112.0
May	112.2	117.9
June	112.6	121.8
July	113.0	122.7
Aug.	114.2	124.1
Sept.	114.9	124.9
Oct.	116.9	130.4
Nov.	118.2	132.3
Dec.	119.7	133.6
1948 Jan.	113.4	134.4
Feb.	120.8	134.8
Mar.	123.4	135.3
Apr.	122.0	136.4
May	124.1	139.2
June	122.9	141.7
July	126.5	142.1
Aug.	127.1	143.7
Sept.	127.8	144.8
Oct.	130.6	147.5
Nov.	131.7	148.1
Dec.	132.0	148.2
1949 Jan.	128.5	148.7
Feb.	134.2	148.9
Mar.	135.3	148.7
Apr.	135.5	149.1
May	135.0	149.5
June	132.3	149.6
July	134.3	149.9
Aug.	134.4	149.7
Sept.	135.3	150.1
Oct.	136.2	150.4

(prel.)

(Earnings indices from *The Employment Situation at the Beginning of December*, 1949, Table B, p. 4, converted to 1945 base; indices of residential building costs from *Housing in Canada*, October 1949, Table 49, p. 78, converted to 1945 base. Earnings indices for January of each year, and for a few other months occasionally, are reduced by holidays falling within the week in question.)

(332 units out of 19,323, and a 6.2 per cent fall in the cost of duplexes (598 units out of 19,323). But for all the rest the cost went up, by percentages varying from .9 to 11.3. For the single one-storey houses, and for apartments (which together made up over 60 per cent of the total), the costs rose by 8.3 and 11.3 per cent respectively. (*Housing in Canada*, October, 1949, Table 10, p. 32.) For housing built under the double depreciation plan, there was a rise of 12.4 per cent in cost per square foot in the first quarter of 1949 compared with the first quarter of 1948, a fall of 8.1 per cent in the second quarter, and an increase of 39 per cent in the third quarter; or an increase of 5.4 per cent for the nine months. (*Housing in Canada*, October 1949, Tables 24-5, pp. 46-7.)

The composite index of wholesale prices of residential building materials and construction wage rates has also been going up, and, on the whole, faster than earnings, as Chart 2 and Table 5 show.

Some workers, to be sure, managed to build or buy. But either they have been the exceptionally highly paid, or else they have managed only by using veterans' rehabilitation credits, or war savings. As Professor Marsh observes, "It is a serious question whether the housing situation would not have been much more acute than it is, . . . if considerable post-war savings had not been available to many people of normally low and moderate income . . . The amounts available, for future emergencies, or for financing further home purchases at new record levels, are now drastically reduced." (*The Economics of Low-Rental Housing*, p. 21.) Veterans' rehabilitation credits are certainly nearing their end. To the end of October, 1949, total expenditure of credits was about \$243,000,000; about \$75,000,000 to \$80,000,000 remained to spend. Of the \$243,000,000, about \$30,750,000, or 12.5 per cent had been spent in the purchase of homes. Assuming the same ratio for the remaining \$75,000,000 to \$80,000,000, only about \$9,000,000 or \$10,000,000 are left for that purpose. (Information from the Department of Veterans' Affairs.) For civilian savings, there are, unfortunately, no adequate figures, though it is worth noting that, at October 31, 1949, almost 37.9 per cent of the first three issues of 2¼% Canada Savings Bonds had been redeemed. (*Hansard*, November 14, 1949, p. 1709.) But in view of the critical shortage of hous-

ing, it seems likely that most people who need housing have used what savings they could afford to get it; and with the final refund of compulsory savings, we can no longer look to that as a future source of additions to the capacity to pay for housing.

In general, therefore, it is clear that ordinary workers, and even most of the more highly paid workers, simply cannot afford to build or buy housing at current prices or any prices that are in sight for the immediate future. They must rent. (ii) But can they afford to rent the rental housing that is available without paying more of their incomes than they should, and so going short of other things they need?

The National Housing Act, 1938, section 12, and the Act of 1944, section 2 (11), accepted the principle that working class families should not spend more than 20 per cent of their income for rent. Dr. W. C. Clark, in the speech already quoted, said it was "generally accepted" that "monthly rent should be less than weekly income." (Dalhousie University Bulletins on Public Affairs, VI, *Housing*, by W. C. Clark, pp. 25-6.)

### Rents Are Too High

The Curtis Report, however, found that in 1941 a very large proportion of tenant families were paying "disproportionate rents," that is, rents which were more than a fifth of their incomes. For the lower-third income group of wage-earner tenant families in the twelve metropolitan areas, it found that the percentage of families paying disproportionate rents ranged from 66.5 in Halifax to 92.0 in Winnipeg, with an average of 88.7 for the whole twelve. (*Curtis Report*, p. 116, Table 30; Dominion Bureau of Statistics figures, from the Census.) It also found that the excess over the desirable 20 per cent of income, ranged from 33.6 per cent in Windsor to 88.1 in Vancouver, with an average of 62.1 per cent for the whole twelve. (*Curtis Report*, p. 115, Table 29; Dominion Bureau of Statistics figures, from the Census.) For the middle-third income group of wage-earner tenant families in these centres, the Report found that the percentage of families paying disproportionate rents ranged from 26.4 in Windsor to 69.0 in Winnipeg, with an average of 50.5 per cent for the whole twelve. (*Curtis Report*, p. 121, Table 34; Dominion Bureau of Statistics figures, from the Census.) For this group, however, the excess over the 20 per cent was small. In Saint John, Mont-



real and Windsor, *on the average*, families in this group were actually paying *less* than the proportionate rent, and for the other nine centres the excess ranged from 1.2 in Hamilton to 15.2 in Winnipeg, with an average of 3.7 for the twelve. (*Curtis Report*, p. 120, Table 33; Dominion Bureau of Statistics figures, from the Census.) Overcrowding in the low-income third, the Report estimated at 50,000 households, or 28 per cent of the total; in the middle-income third, at 37,000 families, or 21 per cent of the total, representing a population of 150,000. It added that overcrowding among the middle third "has of course, increased since." (*Curtis Report*, pp. 118, 121.)

Between June, 1 1941, and December 1, 1949, weekly earnings in the eight leading groups of industries rose 73.5 per cent, while the rent index rose 13.9 per cent. But this does not mean that the problem of disproportionate rents has solved itself. If an "average" tenant wage-earner in the low-income group in the metropolitan centres was earning \$100 a month at June 1, 1941, he should have been paying a rent of \$20.00; actu-

ally he was paying 62.1 per cent more, that is, \$32.42. By October 1, 1949, he was earning \$173.50; he should have been paying a rent equal to 20 per cent of this, that is, \$34.70; actually, he was paying \$32.42 plus 13.9 per cent of \$32.42, that is, \$36.93. The excess was much smaller, but it was still there. Of course, this is a highly simplified calculation; averages can be most misleading. But it is enough to show that the problem of disproportionate rents must still exist in a very large number of cases. There was an acute shortage of low rental housing in 1941, and we have built almost none since, except for veterans.

It is unnecessary, however, to rely solely on 1941 figures and changes in income, rents and housing supply since. The question, Can ordinary workers afford to rent the housing they need without paying disproportionate rents? can be answered from current data on earnings and rents.

The average monthly rent of a 3.7 room housing unit under the double depreciation plan in September, 1949, was \$82.21. The lowest figure for any

earlier month in 1949 was \$63.09 for a 4.7 room unit in August; for the other months, the figures ranged from \$75.95 to \$87.48. (*Housing in Canada*, October 1949, Table 25, p. 47.) Under the rental insurance plan, the maximum monthly rent in October, 1949, was \$79.29. In August it was \$59.22, and in September \$63.04. In the earlier months of the year it ranged from \$74.43 to \$83.88. (*Housing in Canada*, October 1949, Table 23, p. 45.) True, these figures are nominally "maxima." But, under present conditions in the housing market, the maximum is the minimum; also, \$79.29 represents almost the same rate on cost as \$82.21 does on the cost under the double depreciation plan.

Table 6 shows the rents which salary- and wage-earners in the same industries and groups of industries covered by Table 3 could afford to pay, at December 1, 1949, first on the basis of 20 per cent of earnings, and second on the basis that monthly rent should be less than weekly income.

Table 7 shows rents on the same basis for wage-earners only, in the industries covered by Table 4.

TABLE 6

#### Rents which Salary- and Wage-earners in Canadian Industry Could Afford, December 1, 1949.

Industrial Group	Monthly Rent on Basis of 20 per cent of Income	Monthly Rent on Basis of Less than Weekly Income
Nine leading groups of industries	\$37.89	Less than \$43.72
Eight leading groups of industries	37.98	Less than 43.82
Manufacturing	39.31	Less than 45.36
Pulp and Paper	50.01	Less than 57.70
Crude, rolled and forged iron and steel	46.30	Less than 53.42
Automobiles and parts	45.52	Less than 52.52
Coal mining	46.51	Less than 53.66
Metal mining	48.99	Less than 56.53
Steam railways	49.82	Less than 57.49
Building construction	39.81	Less than 45.93

Source: Same as Table 3.

TABLE 7

#### Rents which Wage-earners in Canadian Industry Could Afford December, 1, 1949.

Industrial Group	Monthly Rent on Basis of 20 per cent of Income	Monthly Rent on Basis of Less than Weekly Income
Manufacturing	\$37.15	Less than \$42.86
Pulp and Paper	47.74	Less than 55.09
Heavy electrical apparatus	45.47	Less than 52.46
Primary iron and steel	45.70	Less than 52.73
Automobiles and parts	43.23	Less than 49.88
Non-ferrous metal smelting and refining	46.47	Less than 53.62
Petroleum and its products	47.21	Less than 54.47
Coal mining	46.38	Less than 53.52
Metal mining	47.49	Less than 54.80

Source: Same as Table 4.

#### Serious Housing Emergency

None of these workers, therefore, could have come anywhere near affording even the rental housing now being built with Government help, let alone ordinary unassisted rental housing. The highest figure in the whole Table is over \$20 a month short of the latest reported average rent under the double depreciation and rental insurance plans. All the qualifications noted in regard to Tables 3 and 4 apply here also. But here the discrepancy between what workers can afford to pay and what they would have to pay to get decent housing is unrelieved by any exceptions, and is so wide that even very large allowances for the missing factors could hardly do more than reduce it in some degree.

The whole housing situation can be summed up in a single sentence: *Housing in general is desperately short; rental housing is shorter; low-cost housing is shortest; low-rental housing is practically non-existent.* These shortages are nation-wide. They affect at least a third of the population. They are critical shortages of an absolute essential of life. Most of the other shortages which existed during the war have wholly or largely disappeared. The housing shortages have not. They are almost, if not quite, as acute as they ever were.